

## Message Text

CONFIDENTIAL

PAGE 01 MOSCOW 22054 01 OF 03 150506Z

ACTION IO-14

INFO OCT-01 EUR-12 ISO-00 SOE-02 AID-05 CEA-01 CIAE-00

COME-00 DODE-00 EB-08 DOE-15 H-01 INR-10 INT-05

L-03 NSAE-00 NSC-05 OMB-01 PM-05 ICA-11 OES-09

SP-02 SS-15 STR-07 TRSE-00 ACDA-12 PA-01 HA-05

ABF-01 SMS-01 NRC-05 CEQ-01 SAS-02 /160 W

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R 141712Z SEP 78

FM AMEMBASSY MOSCOW

TO SECSTATE WASHDC 6791

INFO USMISSION USUN NEW YORK

C O N F I D E N T I A L SECTION 01 OF 03 MOSCOW 22054

E.O. 11652: GDS

TAGS: PROG, UN

SUBJECT: 33RD U.N. GENERAL ASSEMBLY: ECONOMIC ISSUES

REF: STATE 225331

SUMMARY: ECON/COMMERCIAL COUNSELOR AND EMBOFF CALLED  
SEPTEMBER 12 ON OFFICIALS OF MFA DEPARTMENT FOR INTER-  
NATIONAL ECONOMIC ORGANIZATIONS TO DISCUSS ECONOMIC  
ISSUES BEFORE UNGA, DRAWING ON TALKING POINTS  
REFTEL. (POLITICAL COUNSELOR WILL MAKE SEPARATE  
APPROACH TO MFA INTERNATIONAL RELATIONS DEPARTMENT.)  
SOVIETS NOTED COLLAPSE OF COMMITTEE DF THE WHOLE,  
STATING THAT THEIR UN MISSION HAD REPORTED THAT G-77  
VIEWED THIS ISSUE AS A "MAJOR POLITICAL CRISIS"  
AND MIGHT RAISE IT AS "FIRST AND MAJOR ISSUE" ON  
UNGA AGENDA. THEY EXPRESSED PREDICTABLY CONSERVATIVE  
VIEWS ON UN FINANCING, AGREEING THERE IS NEED TO  
REDUCE MARGINAL OR OBSOLETE PROGRAMS IN FAVOR OF NEW,  
HIGHER PIRORITY PROJECTS, AND CHIDING U.S. BY  
INFERENCE, ADVOCATED GREATER "CONSISTENCY" IN  
COOPERATION BETWEEN MAJOR CONTRIBUTORS TO LIMIT GROWTH  
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 MOSCOW 22054 01 OF 03 150506Z

IN BUDGET, PARTICULARLY TRANSFER OF VOLUNTARY PROGRAMS  
TO GENERAL ASSESSMENTS. THEY STATED THAT USSR, WHILE  
NOT PREJUDGING VALUE OF CONFERENCE ON NEW AND RENEW-  
ABLE ENERGY SOURCES, DOES NOT SEE "IMPERATIVE NEED"  
FOR IT AT PRESENT, AND WOULD PREFER CONFERENCE OF  
"TECHNOLOGICALLY MORE CAPABLE" COUNTRIES (WHICH WOULD  
COVER GAS AND COAL AND NUCLEAR) IN ECE OR CSCE FRAME-

WORK. SOVIETS SAID THAT INTERNATIONAL DEVELOPMENT STRATEGY COULD BE IMPORTANT ISSUE AT UNGA. THEY EXPRESSED SUPPORT FOR MOST, IF NOT ALL, G-77 VIEWS, BUT TERMED IDS A MAJOR POLITICAL ISSUE THAT SHOULD BE DEALT WITH AT AN "INTERGOVERNMENTAL LEVEL;" THEY SAID THE USSR OPPOSES CREATION OF ANY NEW UN MACHINERY FOR WORK ON DEVELOPMENT ISSUES. END SUMMARY

1. E/C COUNSELOR AND EMBOFF CALLED SEPTEMBER 12 ON V.S. POZHARSKIY, DEPUTY CHIEF OF MFA DEPARTMENT FOR INTERNATIONAL ECONOMIC RELATIONS, TO PRESENT USG VIEWS ON UNGA ECONOMIC ISSUES PER INSTRUCTIONS REFTEL. ALSO PRESENT WERE L.A. SMIRNOV, CHIEF OF THE DEPARTMENT'S SECTION ON ECOSOC, AND A NOTE-TAKER. AT OUTSET OF THE TWO-HOUR DISCUSSION SMIRNOV WAS AT PAINS TO ASCERTAIN WHETHER COUNSELOR'S CALL WAS A SUBSTITUTE FOR TRADITIONAL CONSULTATIVE IN NEW YORK OR A SUPPLEMENT. HE WAS TOLD THE CONSULTATIONS IN MOSCOW WERE SUPPLEMENTAL AND PART OF WORLD-WIDE APPROACH.

2. CONCERNING NORTH-SOUTH ECONOMIC DIALOGUE, SOVIETS UNDERSCORED LONGSTANDING POSITION THAT USSR IS NOT PART OF GROUP OF DEVELOPED WESTERN NATIONS AND PREFERS TO THINK OF DIALOGUE AS "TRIANGULAR" EAST-WEST-SOUTH DISCUSSION. POZHARSKIY JOKED THAT US IS CONSTANTLY TRYING TO GET SOVIET UNION TO "SHARE ITS PROBLEMS" IN NEGOTIATIONS WITH CONFIDENTIAL

CONFIDENTIAL

PAGE 03 MOSCOW 22054 01 OF 03 150506Z

DEVELOPING COUNTRIES. COUNSELOR RESPONDED THAT WE DO IN FACT SHARE PROBLEMS IN THIS AREA, ESPECIALLY IN THE UN CONTEXT, DESPITE INEVITABLE VAGUENESS IN DEFINING THE DIALOGUE. IN THIS CONNECTION, SMIRNOV NOTED THAT SOVIETS HAD TAKEN "RESERVED" POSITION ON USE OF THE COMMITTEE OF THE WHOLE (COW) FOR DISCUSSION OF DEVELOPMENT ISSUES; WHILE COW IS VALID FORUM FOR THIS PURPOSE, IT IS "NOT NECESSARILY USEFUL" AS VEHICLE FOR CHANGING UN MACHINERY TO DEAL WITH DEVELOPMENT PROBLEMS. HE STATED THAT USSR DOES NOT COMPLETELY ACCEPT G-77 ARGUMENT THAT COW SHOULD BE USED FOR NEGOTIATIONS ON DEVELOPMENT ISSUES. IT CANNOT HAVE FUNCTIONS WHICH EVEN UNGA DOES NOT POSSESS UNDER UN CHARTER. THIS, HOWEVER, IS ONLY A "PROCEDURAL" POSITION; THE USSR'S SUBSTANTIVE DIFFERENCES WITH US POSITIONS ARE WELL KNOWN AND ARE MORE IMPORTANT. ON N/S ISSUES, HE SAID, SOVIETS WOULD SPEAK UP WHERE THEY COULD SUPPORT THE LDC'S AND BE SILENT WHERE THEY COULD NOT.

3. SMIRNOV SAID THAT THE "COLLAPSE" OF COW, ACCORDING TO HIS INFORMATION MEANT THAT G-77 WOULD RAISE ISSUE OF COW'S ROLE AS A NEGOTIATING BODY AS A MAJOR, PERHAPS

THE FIRST, AGENDA ITEM. SOVIET UN MISSION HAD REPORTED THAT G-77 VIEWED FAILURE OF COW AS A "MAJOR POLITICAL CRISIS;" SMIRNOV NOTED DRYLY THAT SOVIET MISSION HAD NOT PLACED THIS PHRASE IN QUOTATION MARKS. SOVIETS SAID THEY HAD HEARD THAT JAMAICAN REP, AS SPOKESMAN FOR G-77, HAD SOUGHT APPOINTMENT WITH UNDERSECRETARY COOPER ON THIS MATTER, A FACT WHICH, IN THEIR VIEW, UNDERSCORED SERIOUSNESS OF G-77'S CONCERN. THEY WERE HIGHLY CURIOUS AS TO WHETHER EMBASSY OFFICERS HAD ANY NEWS ON THIS REPORTED MEETING.

4. SOVIETS EXPRESSED GENERAL VIEWS SUPPORTIVE OF US POSITION ON NEED TO REDUCE MARGINAL OR OBSOLETE PROGRAMS TO FREE RESOURCES FOR HIGHER PRIORITY PURPOSES.  
CONFIDENTIAL

CONFIDENTIAL

PAGE 04 MOSCOW 22054 01 OF 03 150506Z

CONFIDENTIAL

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CONFIDENTIAL

PAGE 01 MOSCOW 22054 02 OF 03 150519Z  
ACTION IO-14

INFO OCT-01 ISO-00 EUR-12 SOE-02 AID-05 CEA-01 CIAE-00  
COME-00 DODE-00 EB-08 DOE-15 H-01 INR-10 INT-05  
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R 141712Z SEP 78  
FM AMEMBASSY MOSCOW  
TO SECSTATE WASHDC 6792  
INFO USMISSION USUN NEW YORK

C O N F I D E N T I A L SECTION 02 OF 03 MOSCOW 22054

SMIRNOV JOKED THAT US PRESENTATION APPEARED TO HAVE BEEN DRAWN FROM THE SOVIET BRIEF. HE AND POZHARSKIY USED THIS ISSUE AS TAKE-OFF POINT FOR EXTENSIVE CRITIQUE OF THE PROFLIGACY OF THE UN BUDGET, A THEME WHICH PERVADED SUBSEQUENT DISCUSSION OF ENERGY, THE TRANSPORT AND COMMUNICATIONS DECADE IN AFRICA, AND IDS. TENDENCY

OF UN SECRETARIAT TO PLAY ROLE OF SUBSTANCE WAS ALSO DECRIED. POZHARSKIY SAID THAT ALTHOUGH THERE WAS A "SUFFICIENT DEGREE OF AGREEMENT" BETWEEN US AND USSR ON NEED FOR BUDGETARY RESTRAINT, MAJOR CONTRIBUTORS IN THE PAST HAD NOT ACTED CONSISTENTLY TO LIMIT INCREASES IN THE GENERAL ASSESSMENT. HE NOTED THE US POINT ON THE DESIRABILITY OF EXPANDING EFFECTIVE VOLUNTARY PROGRAMS, BUT ARGUED THAT THIS IS AN AREA IN WHICH THERE HAS BEEN NO EFFECTIVE RESTRAINT ON THE UN BUDGET. THERE IS A "DANGEROUS" TENDENCY, HE SAID, FOR VOLUNTARY PROGRAMS TO BE TRANSFERRED TO GENERAL ASSESSMENTS; THERE IS A "LONG LIST" OF SUCH PROGRAMS. SMIRNOV CITED THE UNEP AS AN EXAMPLE OF THIS TENDENCY THE IDEA OF A SMALL UNEP SECRETARIAT HAS BEEN VIRTUALLY ABANDONED IN FAVOR OF A LARGE BUREAUCRACY. POZHARSKIY SAID THAT  
CONFIDENTIAL

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PAGE 02 MOSCOW 22054 02 OF 03 150519Z

THERE SHOULD BE A "POLITICAL TRUCE" BETWEEN THE US AND THE USSR ON FINANCIAL MATTERS, AND THAT THERE IS A POSSIBILITY FOR "CONCERTED ACTION" ON CERTAIN DECISIONS.

5. SOVIETS WERE UNENTHUSIASTIC ABOUT CONVENING OF UN CONFERENCE ON NEW AND RENEWABLE ENERGY SOURCES. THIS, TOO, COULD LEAD TO NEW BUREAUCRACY AND ATTENDANT COSTS, THEY ARGUED. POZHARSKIY NOTED "JOINT AGREEMENT" THAT DISCUSSION OF PEACEFUL USES OF ATOMIC ENERGY BE KEPT WITHIN IAEA FRAMEWORK AND OPEC OPPOSITION TO INCLUSION OF FOSSIL FUELS. SUBJECTS THAT WOULD REMAIN FOR UN CONFERENCE WOULD BE "RATHER ACADEMIC," SOURCES OF ENERGY THAT PRESENTLY ARE INSIGNIFICANT AND THEREFORE MORE SUITABLE FOR DISCUSSION BY TECHNICAL EXPERTS FROM "TECHNOLOGICALLY MORE CAPABLE" COUNTRIES. HE RECALLED THAT SOVIETS HAVE PROPOSED A CONFERENCE ON ENERGY WHICH HAS BEEN DISCUSSED IN ECE. SUCH A CONFERENCE WOULD COVER COAL AND NUCLEAR ENERGY AND "PERHAPS" GAS AS WELL, ALTHOUGH OIL WOULD NOT BE IN ITS PURVIEW. REVERTING TO HIS BUDGETARY THEME, SMIRNOV SAID THAT UN CONFERENCE WOULD CERTAINLY COST AT LEAST \$15 MILLION; POZHARSKIY SAID THAT HE PERSONALLY WAS TIRED OF CONFERENCES WHICH WOULD ONLY RESULT IN A NEW REQUEST FOR FUNDS AND AN ADDITION TO THE BUDGET. THEY EXPRESSED THE VIEW THAT UN HAS LEGITIMATE ROLE TO PLAY IN ENERGY FIELD, BUT SUGGESTED IT BE CONFINED TO THE COMMITTEE ON NATURAL RESOURCES OR BE HANDLED THROUGH CONFERENCES IN THE ECE OR CSCE FRAMEWORK. SUCH CONFERENCES, IN THE SOVIET VIEW, COULD ALSO DISCUSS NATURAL GAS AND COAL. SMIRNOV EMPHASIZED, HOWEVER, THAT THE USSR IS NOT PREJUDGING THE VALUE OF A LARGER CONFERENCE, BUT AT PRESENT IS NOT PERSUADED THAT THERE IS AN IMPERATIVE NEED. HE ASKED WHETHER THE USG WOULD PUSH ACTIVELY FOR A 1981 MEETING; COUNSELOR

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 MOSCOW 22054 02 OF 03 150519Z

REPLIED THAT HE HAD NO INSTRUCTIONS ON THIS, BUT THAT US WOULD SUPPORT PROPOSAL FOR A MEETING AND LOOKED WITH FAVOR ON THAT YEAR.

6. ON THE TRANSPORT AND COMMUNICATIONS DECADE IN AFRICA, SMIRNOV SAID THAT THERE HAD BEEN NO CHANGE IN THE SOVIET POSITION. EVERYONE IS IN FAVOR OF BETTER TRANSPORT AND COMMUNICATIONS IN AFRICA, BUT IT REMAINS TO BE SEEN WHAT PROGRAMS ARE PROPOSED. COUNSELOR NOTED NEED, IN US VIEW, FOR CLOSE COORDINATION AMONG DONOR COUNTRIES AND AGENCIES AND THE AFRICAN COUNTRIES IN PLANNING, PROJECT FORMULATION, AND FEASIBILITY STUDIES. SMIRNOV SAID THAT SOVIET PREFERENCE WAS FOR FUNDING FROM EXTRA-BUDGETARY RESOURCES, BUT DID NOT PRECLUDE USE OF BUDGETARY RESOURCES FOR MAJOR NEW PROGRAMS.

7. SMIRNOV AGREED THAT THE SUBJECT OF AN INTERNATIONAL DEVELOPMENT STRATEGY COULD COME UP AS A MAJOR AGENDA ITEM. THE USSR SYMPATHIZES WITH MANY, IF NOT ALL, OF G-77 VIEWS ON DEVELOPMENT STRATEGY, BUT SEES NO NEED FOR NEW UN MACHINERY ON THIS SUBJECT. HE NOTED THAT ECOSOC HAS THE MAJOR RESPONSIBILITY FOR THIS AREA UNDER THE CHARTER, AND SUGGESTED THAT THE "COMMITTEE FOR DEVELOPMENT PLANNING" COULD BE USED. THE SECRETARIAT'S ROLE SHOULD BE PURELY TECHNICAL; THE USSR REGARDS EFFORTS TO INCREASE ITS ROLE "WITH RESERVE." SMIRNOV ALSO STATED THAT IDS IS A MAJOR POLITICAL ISSUE THAT SHOULD BE DEALT WITH AT AN INTERGOVERNMENTAL LEVEL, NOT BY "EXPERTS" IN UN COMMITTEES. THIS IS NECESSARY IF NEW UN "DOCUMENTS" ON IDS ARE TO REPRESENT ANY PROGRESS FROM PAST POSITIONS. SOVIETS ALSO LAID STRESS ON NEED TO BUILD ON BASIS OF PAST RESOLUTIONS SUCH AS CERDS.

8. SOVIETS CONTINUE TO REACT NEGATIVELY TO US POSITION ON DESIRABILITY OF INTRODUCING IMPROVED PROGRAMS IN THE

CONFIDENTIAL

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PAGE 01 MOSCOW 22054 03 OF 03 150525Z

ACTION IO-14

INFO OCT-01 EUR-12 ISO-00 SOE-02 AID-05 CEA-01 CIAE-00  
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C O N F I D E N T I A L SECTION 03 OF 03 MOSCOW 22054

AREA OF NUTRITION AND ON HELPING MOST SERIOUSLY AFFECTED COUNTRIES, POZHARSKIY STATED THAT SOVIET POSITION WAS THE SAME AS THE ONE IT HAD TAKEN AT THE WORLD FOOD COUNCIL MEETING IN MEXICO CITY.

9. AT CONCLUSION POZHARSKIY, NOTING COUNSELOR HAD STRESSED INTEREST OF USG IN MULTILATERAL APPROACH, EXPRESSED CONCERN THAT THIS EMPHASIS WOULD LEAD TO PRESSURE FOR MORE UN SPENDING. HE AND SMIRNOV BOTH CRITICIZED HIGH OPERATING COSTS OF UN BUREAUCRACY, CITING A FIGURE OF 42 PERCENT AS ADMINISTRATIVE COSTS OF UN ECONOMIC ASSISTANCE. COUNSELOR RESPONDED THAT WE SHARED AN INTEREST IN HOLDING DOWN UN EXPENSES BUT SAW UTILITY IN BOTH MULTILATERAL AND BILATERAL ASSISTANCE. (THE SOVIET OFFICIALS CLEARLY PREFERRED THE LATTER.)

10. COMMENT: THE USSR'S POSITIONS ON DEVELOPMENT ISSUES REFLECT CONTINUED STRONG PREFERENCE FOR EXTENDING OF AID THROUGH BILATERAL PROGRAMS WHICH ARE SUBJECT TO DIRECT CONTROL AND SATISFY SOVIET POLITICAL DESIDERATA.  
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 MOSCOW 22054 03 OF 03 150525Z

EMPHASIS THROUGHOUT DISCUSSION WAS ON CONTAINMENT OF DISCUSSION OF DEVELOPMENT ISSUES AT THE UNGA AND REFERRAL OF NEGOTIATIONS EITHER TO STANDING UN BODIES OR TO DISCUSSIONS BETWEEN INTERESTED GOVERNMENTS. EMPHASIS ON BUDGETARY RESTRAINT SUGGESTS THAT THE SOVIETS WILL OPPOSE CREATION OF ANY NEW MACHINERY TO DEAL WITH DEVELOPMENT PROBLEMS. GARRISON

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## Message Attributes

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